



CITY OF CONCORD

NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

March 24, 2010

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, Amanda Grady, Todd Haywood, Nadine Salley, and Janet Sprague

Absent: None

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

1. Minutes of February 24, 2010 meeting

Allen Bennett made a motion to accept the minutes as written; seconded by Mark Coen; motion passed unanimously.

At this time, Chairperson Bart went on to item 4 of the agenda - the Revolving Loan Fund:

- The J. Duncan loan was not yet ready for submission as consultant Joia Hughes had been unable to meet with him to discuss his application. Ms. Hughes did inform CDAC the purpose of the loan application and explained some credit issues. The loan is for roof and driveway repairs. The roof is significant but she did not know if the driveway would qualify although it, too, is a significant matter. The roof is creating internal problems. Due to the credit issues, she does not want to waste her time nor that of the applicant's if CDAC does not think the loan may be approved.

CDAC inquired how many people are in the household, the cost of doing just the roof repair and it was agreed to have Ms. Hughes pursue this application further and report back to CDAC at the April meeting.

- The C. Rasanen loan was withdrawn as the applicant is over income and does not qualify for a loan through this program.
- FY 2011 Budget: Matt Walsh explained what the city does for the CD grants budget for the benefit of City Councilor Amanda Grady, newly appointed to CDAC. He noted that the CD Grants division is comprised of three funding sources: the

Community Development Block Grant Administration monies, the General Fund, and the Revolving Loan Fund.

In FY 2010, the CD Grants budget totaled \$38,698 and the request for FY 2011 is \$38,020. Monies from the grant are used only if the grant is awarded and are used to pay Joia Hughes for her services. Last year \$24,333 was the amount estimated from grant reimbursement through the Second Start Grant. Funds are being drawn from this grant but the grant was slow in getting started so not much has been spent from the administration budget yet. In the General Fund for FY '10 \$7,330 was appropriated and in the RLF \$7,035 was appropriated.

For FY 2011, the CATCH/Sanel Block CDBG, if awarded, will provide \$22,500 in Administration monies, the General Fund request is \$7,760 and the RLF request is \$7,760 - making the total request of \$38,020 for the CD Grants Division budget.

There was discussion on the interest received through the RLF program. Matt Walsh noted that approximately \$1,500 was earned this past year but he also noted that the interest rates are low so the investments came in low. Chairperson Bart inquired how much of the repayments on the loans is interest and staff informed CDAC that the City's current accounting software does not contain a module which would allow that information to be queried. However, staff can review each loan's amortization sheet and prepare a document for CDAC to review next month. This spreadsheet will indicate how much of each loan paid in March 2010 went to interest received and then a total can be estimated for a 12 month period.

At this time the RLF has over \$420,000 available to loan but staff understood CDAC's wish to keep this fund growing in the future.

At this time, Chairperson Bart went back to item 2 on the agenda.

2. Second Start Grant: Joia Hughes informed CDAC that Second Start had gone out to bid for windows and insulation but no award has been made to date. There appears to be a discrepancy on materials specified by the project architect and the materials contractors actually offered within their respective bids. Interviews are being conducted with the contractors to make sure bids are in line with the required specifications.

Bid specifications for the remaining monies are being prepared. Window coverings is one item to be done with the remaining funds. Rules associated with stimulus funds are contributing to the delayed project schedule.

3. CATCH 2010 CDBG Grant Application: Joia Hughes informed CDAC that she and Matt Walsh had met last week with representatives from the Community Development Finance Authority at the site where CATCH's proposed building is to be located; off Storrs Street behind the Duprey Sanel Block project area. CDFA staff had very few questions but they did provide Ms. Hughes and Mr. Walsh with a list of proposals submitted for the January round of funding and the competition is very steep this year. CDFA received applications totaling \$4.5M and they have only \$3.1M to allocate.

While competition for CDBG funds is strong, Mr. Walsh stated that he anticipates that CATCH's project will score well as the number of units and type of project being proposed is good, and CATCH has its development approvals from the city. However, CATCH is awaiting a decision from the NH Housing Finance Authority (NHHFA) regarding its Tax Credit application. A delayed decision from NHHFA may complicate CATCH's CDBG application. In the event NHCDBFA does not fund CATCH's CDBG application this round, the City could reapply in July. This could be advantageous, as CATCH should have a final decision on its tax credit application from NHHFA at that time, thus making their CDBG application stronger in July.

The CDFA will be making its decision on April 22, 2010 so we will know then if the city is awarded this grant.

It was noted that Stephen Duprey will be closing on his project in late April with demolition to begin in May or June.

At this time Chairperson Bart asked that CDAC skip the loan limit without collateral item under item 4 of the agenda and continue with discussion on the Racquet Club of Concord loan account.

- **Racquet Club of Concord:** Joia Hughes informed CDAC that she had made three attempts to reach Debbie Nelson, John Nelson's daughter, to discuss this loan repayment. Three messages were left for her and an e-mail was sent that bounced back undeliverable. Ms. Nelson has not returned any calls. Staff asked CDAC for direction on how to proceed.

Mark Coen requested that staff pay a visit to the Racquet Club and say "hi" and explain staff had heard of the change in corporate structure and wanted to wish Ms. Nelson well. CDAC also thought a visit would afford a good opportunity to ensure that space renovated with the CDAC loan is being used as it was intended. Matt Walsh and Joia Hughes will pay them a visit and report back to CDAC in April.

- **Foreclosure Notices:** Bev Rafferty gave CDAC a verbal update on client foreclosures. Two loan recipients are in foreclosure and three grant recipients are in foreclosure at this time. Ms. Rafferty informed CDAC that the city's Legal Department had filed all the necessary paperwork on these notices. Chairperson Bart asked staff to prepare a report showing how much money would be lost if the foreclosures go through but there are not enough funds to pay the city back for the loan or grant funds because the city has subordinated to the first mortgage holder or there is not enough value in the homes. Staff will have that report ready for CDAC's April meeting.

At this time, Chairperson Bart continued with the loan limit without collateral item:

- **Setting loan limits where collateral is not required:** Chairperson Bart asked Joia Hughes to comment on this item. Ms. Hughes explained that she had requested this item on a previous agenda as she had been approached by a local day care that needed a small amount of money (\$1,700) to expand space in their day care and install a child-

friendly bathroom and some drywall. The owners rent the day care space from a church and were uncomfortable putting their home as collateral for such a small amount of money. Ms. Hughes wanted to see if CDAC would be willing to address this type of transaction in the PIRP where loans up to \$2,500 would not need tangible collateral.

Ms. Hughes noted we do not see many economic development loan applications and some members noted that the business plan must be very weak if they could not afford \$1,700. Ms. Hughes noted that day care is not a profitable business. It was asked if the owners could put the \$1,700 on their credit card but it was noted that the interest on the credit card may be quite high compared to the interest rate from the loan program. The owners were referred to MicroCredit NH but they did not qualify for that.

Todd Haywood asked if it would be too much to discuss this on a case-by-case basis but Ms. Hughes commented she would not want to move forward and get an applicant's hopes up only to come to CDAC and have the loan turned down.

Chairperson Bart did not feel this is the focus of CDAC. General discussion about the purpose of CDAC's economic development loan program ensued as well as the caliber of businesses the program should be supporting. It was noted that the Program Income Reuse Plan (PIRP) stipulates that economic development funds are to be used to create or retain jobs.

Mark Coen asked if the Creative Economy initiative was aware of the City's revolving loan fund program as he felt there is some synergy between the two programs. Matt Walsh indicated that it was not and agreed that the RLF could, in theory, help to support a creative economy project, like creation of an arts incubator.

Joia Hughes noted the appliance rebate coming out April 1st will draw some attention from residents as they look for new appliances and take advantage of the rebate. However, they will still need money to pay for the appliances up front.

There was discussion about what would happen if MicroCredit was used; benchmarks would be required, a business plan created and in place, and more. Joia Hughes noted she does refer clients to MicroCredit. It was also noted that the City requires a business plan and other information as part of any economic development loan application.

Chairperson Bart noted he preferred not to amend the PIRP with respect to non-collateralized loans at this time as there does not appear to be a strong need for this type of program and noted that applicants could pursue such funds at MicroCredit.

Joia Hughes inquired if CDAC would entertain a request of this nature if she brought it forward and CDAC members said they would. Ms. Hughes wants to get some feelers out there now.

5. Other Business

April meeting: Due to school vacation week, the members of CDAC decided to hold the April meeting on Wednesday, April 21st instead of the 28th. Bev Rafferty noted the semi-annual public hearing for the Second Start grant would be held then as well as a review of any proposals for the July round of block grant funding, should any proposals be submitted.

6. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:00 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant